



GADD SMP FUND

Monthly Report

February 2024

NAV CHF 2'053.13*

Inception date 05.04.2011 = CHF 1'000

* at 29.02.2024

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
2015	0.8%	4.4%	-0.4%	1.9%	-0.7%	-4.4%	0.7%	-2.5%	-0.5%	4.0%	1.0%	1.4%	5.3%
2016	-4.9%	1.3%	2.0%	3.4%	3.6%	-5.0%	3.2%	2.4%	2.1%	0.1%	-2.4%	2.3%	7.7%
2017	0.8%	2.8%	-2.9%	3.8%	1.2%	0.0%	-3.0%	-1.5%	3.6%	1.5%	-1.4%	-1.2%	3.5%
2018	1.5%	1.0%	-3.0%	2.7%	0.9%	-0.8%	0.6%	3.3%	-0.9%	-5.6%	-2.0%	-2.9%	-5.5%
2019	5.7%	4.6%	-0.1%	4.2%	-0.0%	1.0%	0.1%	-1.7%	0.5%	0.1%	3.1%	1.8%	20.8%
2020	1.5%	-4.7%	-15.9%	8.9%	4.3%	1.1%	3.1%	3.9%	2.7%	-3.5%	5.1%	3.3%	7.6%
2021	0.0%	3.1%	2.8%	3.8%	7.2%	0.0%	4.6%	1.3%	-1.1%	5.9%	1.6%	3.8%	37.7%
2022	-7.1%	-1.8%	5.3%	-1.6%	0.8%	-9.4%	7.2%	-4.6%	-3.1%	4.4%	3.1%	0.3%	-7.6%
2023	3.2%	-1.5%	-1.6%	-0.5%	-3.3%	1.8%	2.0%	-3.0%	-2.3%	-1.3%	2.3%	5.0%	0.7%
2024	-0.3%	1.4%											1.2%

Market Comment

During February, the positive trend for equity markets continued, driven by strong economic data and promising earnings reports. At the same time, a general decline was noted in the bond markets, partly due to investors' assumptions that interest rate cuts may be postponed. It is worth noting that unlike several periods last year, when rising interest rates negatively affected equity prices, this time global equity markets were able to continue to advance despite a resurgent trend of rising short and long interest rates. Strong corporate results for the fourth quarter, increased interest in artificial intelligence, triggered by a positive outlook from Nvidia, as well as robust economic growth are believed to have contributed to this positive development.

US inflation figures for January were higher than expected, mainly due to higher rents, auto insurance and large price increases in the service sector. Inflation landed at 3.1% compared to an expected 2.9%, while core inflation was 3.9% compared to an expected 3.7%. The high inflation figures may affect the Fed's plans for interest rate cuts and there is now greater uncertainty around the previously expected reductions. The market has previously priced in faster and more cuts than the Fed communicated, which illustrates how the market sometimes acts in advance compared to actual developments.

The US Congress agreed on funding for some government functions until September 30 this year, preventing a last-minute government shutdown. However, other parts of the government's activities, including the defence, have only secured funding until March 23, which means a risk of a new "shutdown" already this month.

Hungary's parliament approved Sweden's application for membership in NATO. The documentation must now be

sent to Washington, USA. NATO's Secretary General, Jens Stoltenberg, will then send a formal invitation to Sweden. This will then be signed by a Swedish minister and again sent to Washington, where it will be received by a representative of the United States. Upon receipt of the document, probably by Foreign Minister Antony Blinken, Sweden will finally become a full member of the defence alliance.

Index	31.12.23	29.02.24	YTD
MSCI World (USD)	3'169.18	3'337.2	5.3%
STOXX50 (EUR)	4'521.65	4'877.77	7.9%
S&P 500 (USD)	4'769.83	5'096.27	6.8%
Nasdaq Comp (USD)	15'011.35	16'091.92	7.2%
Dax (EUR)	16'751.64	17'678.19	5.5%
SMI (CHF)	11'137.79	11'438.86	2.7%
OMX30 (SEK)	2'398.17	2'452.81	2.3%
MSCI Russia (USD)	0	0	
MSCI China (USD)	55.47	53.73	-3.1%
NIKKEI (YEN)	33'464.17	39'166.19	17.0%
Swe. Gov Bond. 10 y	2.05%	2.51%	

Preliminary calculations from the EU's statistics agency Eurostat show that the rate of inflation, measured by HKIP, fell to 2.6% in the euro area on an annual basis in February, beating expectations of 2.5%. Core inflation, which excludes volatile prices such as energy and food, eased to 3.1%, which was slightly higher than the expected 2.9%. These figures are considered indicative of the ECB's decision on interest rate cuts. The ECB's next interest rate announcement

is due on March 7, with expectations that the main key rate will remain unchanged at 4%.

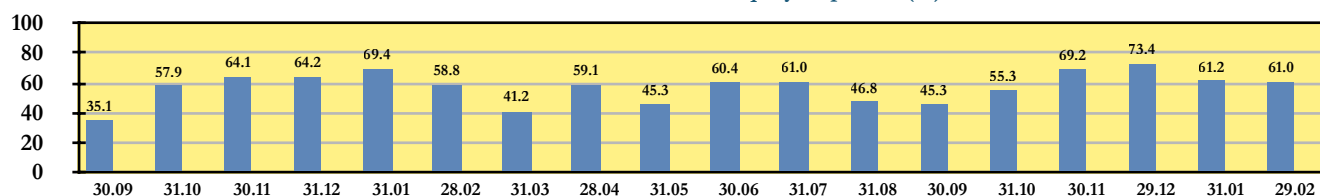
France took the first step towards the IMEC infrastructure project by appointing the former head of the gas company Engie, Gerard Mestrallet, as a special envoy. The project aims to link India and the EU via the Middle East as an alternative to China's New Silk Road. President Macron wants France to become a key player and ensure that French companies are prominent in the early phases of the project. IMEC is an economic corridor from India to Europe through the Middle East and is part of the pushback against China's infrastructure projects. It will facilitate energy and trade flows by reducing transport time and costs. IMEC comprises two corridors: an eastern one from India to the Persian Gulf and a northern one from the Persian Gulf to Europe. Cable laying for energy and data and a hydrogen pipeline for power production from renewable energy are also planned along the railway.

The strongest development of the fund's holdings during February was Hexatronic, which rose by as much as 43.5% after a strong report, followed by VNV Global 28.1%. Other holdings that rose significantly were Trelleborg 18.4%, Volvo 14.1%, Peab 10.6%, Lifco 9.4%, ABB 8.3%, Indutrade 7.7% and Atlas Copco 7.7%.

On the negative side, Pomegranate can mainly be mentioned, which fell by (28.6%). Yabie backed off with (23.1%), Fleming Properties (14.2%), Studentbostäder (12.7%), Africa Energy (11.8%), Viva Wine Group (11.6%) and Wihlborgs (10.8%).

The fund's net exposure in shares was kept almost constant and was initially at 61.2% to end the month at 61%. Better yet, after the strong month, all the short, medium and long technical trends are showing a positive direction.

GADD SMP FUND: Net Equity Exposure (%)



Exports in South Korea beat expectations, increasing by 4.8% compared to a year earlier, mainly thanks to a 67% year-on-year increase in semiconductor exports. A pleasing message as South Korea's exports are regarded by many as an early temperature gauge on global world trade.

The world index MSCI World (USD) rose by 4.1% during the month. The S&P 500 in the US rose by 5.2% and the Nasdaq by 6.1%. In Europe, the STOXX50 increased by 4.9% and the Dax by 4.6%. SMI rose by 0.9% and OMX in Stockholm 4.1%. MSCI Russia (USD) remained closed. The MSCI China USD fell by as much as 8.4%, while the Nikkei in Japan rose by 7.9%.

The Swedish 10-year government bond yield rose during the month by 28 points, from 2.33% to 2.51%.

Activities of the month

The fund chose to divest the holding in Kindred, which received a takeover offer in the previous month, in favor of other investments. Part of the sale proceeds was invested in a DNB AT1 bond with investment grade rating, at +310 basis points above 3-month Stibor, which corresponds to 7.20% in yield. The fund also participated in the refinancing of Go-North with investments in two USD bonds. Holdings in Indutrade and Trelleborg increased their shares during the month by 1% unit to 4%.

Investment strategy

The strong stock market in recent months, driven by an improved outlook for the economy, corporate profits and inflation, also raises concerns about its possibly too rapid development. Historical data suggests there is more upside potential, but the pace is likely to slow and volatility may increase. It is wise to have realistic expectations regarding returns and volatility. An average year usually includes three 5 percent declines and one 10 percent correction. However, if the economy continues to avoid recession, inflation remains stable and central banks gradually lower policy rates, these declines are likely to turn out to be temporary dips rather than long-term corrections.

The fund chooses to maintain current neutral equity exposure in the face of possible increased volatility until support for a stronger stock market climate can be discerned.

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